

PHARMACEUTICAL MARKETING IN THE SANITARY-VETERINARY SECTOR

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Abstract. *The paper discusses the particular problems marketing practice encounters in the pharmaceutical sector, investigating some of their underlying causes. The span of the pharmaceutical sector is then restricted to veterinary pharmaceutical marketing, as a domain in which not the clients themselves are targeted, but their physicians and owners, which are to decide on their behalf. If pharmaceutical marketing, in general, is to be doomed as manipulation, which would be the implications of marketing pharmaceutical products to third parties, with no consent from the beneficiary? The marketing tools and marketing contexts will be analyzed, in an attempt to estimate the efficiency of various approaches.*

Key words: pharmaceutical market, strategic marketing, veterinary services.

1. Specific conditions of the pharmaceutical market

Pharmaceutical marketing uses instruments which are industry-specific (Manchanda et al., 2005), such as detailing, meetings, journal advertising, DTC (direct-to-consumer) advertising, and sampling. Some of these methods, especially DTC advertising, were vividly contested during the last years (Lexchin and Mintzes, 2002), because the pharmaceutical sector, and its subsequent marketing practices, are always mixed with ethical choice, social and cultural issues. These concerns, expressing the opinion that pharmaceutical marketing actually manipulates public anxiety (Pinto, 2000), made the DTC TV spots and printed ads grow into more educational scripts. The balance between benefits and risks is more visible, and the investigation of the causes leading to a certain disorder which will find its healing by the use of a particular drugs tends to become a widespread practice. Still, consumers tend to resist the attempts to being influenced, by the so-called “socialization of marketing resistance” (Yankelovich Monitor, *The Health Care Industry in Transition*, 1999), as only 4% of the American patients declare that they bought a drug or asked for a prescription because of an ad (*Attitudes and Behaviours Associated with Direct-to-Consumer (DTC) Promotion of Prescription Drugs, Main Survey Results (2002) FDA Office of Medical Policy, Division of Drug Marketing, Advertising, and Communications*).

The efficiency of detailing, as interaction representative-physician, which seemed to be naturally guaranteed some years ago, is beginning to decline (Singer, 2005). Still, according to Narayanan et al. (2004), detailing keeps being more efficient than DTC. As far as journal advertising is concerned, its efficiency in creating customer demand is the greatest (Neslin, 2001).

Some issues in pharmaceutical advertising, which conforms itself, in essence, to the two marketing theories, of conditioning and expectancy-value theory (Almasi, 2006), need particular detailing. A study by Cline (2004), quoted in Almasi (2006), reveals that pharmaceutical advertising shows mainly healthy people, or people experiencing healthy and rewarding emotions. 72% of the ads depict at least one smiling person. This means that, by conditioning, the drug is associated with happiness and well-being. The other variant, discussed in the same study, is based on the expectancy-value approach: pain is first presented, as a consequence of a certain illness, and then the patient is trained to expect relief, by the use of the medicine.

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The promotion element of the marketing mix, as detailed above, in the pharmaceutical sector, should also be approached differently from the general practice. The sales force is more important in the pharmaceutical sector than in general marketing, which explains why, according to the Hay group (2005), it has tripled in the last ten years. Additionally, this sales force needs to be more trained, to know better the physicians, and to be prepared to employ more aggressive communication strategies, as competition in the sector is growing. The learning curve of the physicians (Coscelli and Shum, 1998, 2004; Ferreyra, 1999) also contributes to a lengthier time needed for a drug to penetrate the market, because some physicians prefer to play safe and to prescribe the drug only after they have sufficient reliable feed-back from their patients.

Pricing poses also specific problems in the pharmaceutical sector. For drugs under patent protection, prices are usually state regulated. Patenting makes indeed a difference in the pharmaceutical market, as large pharmaceutical producers lose approximately 90% of their market share in the first six months after patent protection being removed (Singer, 2005). This happens because after the patent protection expires, the originally branded drug can be marketed by other companies, as generic drug, identical to it in everything, except the name. The name of the drug which is marketed after the patent expiration may be either a non-propriety name, or a branded generic name, a combination between the former name of the drug and the non-propriety name (King and Kanavos, 2002). The marketing strategy for these drugs is very similar to the one used for the branded drugs, except for pricing issues. Usually, price-competition becomes obvious in the non-patent market only when the number of competitors (*i.e.*, manufacturers producing and marketing the same generic drug) is significantly high (UK Department of Health, 2000).

The fact that decision-making is indirect, because the physician decides, but does not consume, and the patient consumes, but usually does not decide (but for the case of supplements, or in the case s/he decides to abandon the therapy – which happens usually because of adverse effects, and not primarily because of price, as doctors from the very beginning decide for those drugs they know their patients can afford), complicates the role price plays in opting for a certain drug. But it is usually agreed that competition in the pharmaceutical sector is essentially a non-price one. This explains why companies activating in the domain must take a careful look to some other factors which may direct preference, as product quality, image, trustworthiness, limited and non-severe adverse effects, etc.

These special issues, turning the pharmaceutical market into a somehow idiosyncratic domain, which must be approached with adapted marketing instruments, become even more stringent in the veterinary pharmaceuticals, where not only that the buyer and the client are different persons (promotional campaigns actually target physicians, which have to decide for their patients), but the buyer himself decides, after talking to the doctor, on the behalf of a non-decisional beneficiary of the treatment.

2. Issues in veterinary marketing

The veterinary market, as the pharmaceutical market, in general, is subject to a non-price competition. Studies conducted in the US market (Brown and Silverman, 1999) have shown that, in choosing a certain veterinary service, some other factors, as kindness and gentleness of the veterinarian, veterinarian is respectful and informative, veterinarian's reputation, past experience with the veterinarian, range of services, location, convenient hours, recommendations, prevail. The same study revealed that approximately 75% of the respondents would keep going to their veterinarian even if prices rose by 10%, and over 50% would keep their veterinarian despite a price increase of 20%. This would mean that veterinary marketing should focus on promoting the profession, and acquiring confidence capital for it, and only after that promoting the practice and the drugs as such. The focus on the profession is very important, as one of the main differences

between the human and the veterinary pharmaceutical market is that, if human physicians are not allowed to sell medicines, veterinarians are, and in their case is even recommendable to do so.

Because pet owners are, in fact, the ones which take D_1 , the primary decision of consulting a veterinarian, whom they choose out of a certain offer, depending on the type of treatment they seek for their companions, and that particular veterinarian takes D_2 , the drug administration decision, based, among others, on the marketing strategies of the veterinary businesses, the human-animal bond (Beck and Katcher, 1999) is a relationship to examine.

It is commonsensical that those persons more attached to their pets, more willing to consider them as members of their family (Hickrod and Schmitt, 1982), will invest more in veterinary services and, consequently, constitute the target group of veterinary marketing.

The customer profile for this group, as sketched by a research conducted by Yankelovich (2002) in the US market, renders information on how pet-owners perceive themselves. 46% of the pet owners (as compared to only 38% of the non-owners) say they are creative, while 47% (versus only 37% of the non-owners) declare they are fun-seekers. Pet owners are also open to new ideas (56% in comparison with 45%, the score for non-owners). Additionally, from what they declare, pet owners seem to be more relational, to have a full life, in which there is enough room for visiting their families and friends, for socializing. 60% of the pet-owners are married, as compared to 49% of the non-owners, and 48% (reported to 36% of the non-owners) have children. They tend to have a better financial situation than non-owners, and in a very large proportion (92%), they consider their pets part of the family.

As far as Europe is concerned, the veterinary marketing activities are subject to a number of EU regulations. Directive 82/2001 has unified all the previous regulations referring to veterinary medical products, while regulation 2309/93 set the European Agency for the Evaluation of Medicinal Products, based on whose recommendations pan-European marketing authorizations for drugs are issued. In 2003, two other regulations, 1084 and 1085, were set, in order to control the variation of marketing authorizations. The Veterinary Medicine Regulations, published by the European Commission in *The rules governing medicinal products in the European Union, Volume 5 Pharmaceutical Legislation, Veterinary Medicinal Products*, control veterinary medical products, based on their definition provided in Directive 82/2001:

(a) any substance or combination of substances presented as having properties for treating or preventing disease in animals; or

(b) any substance or combination of substances which may be used in, or administered to, animals with a view either to restoring, correcting or modifying physiological functions by exerting a pharmacological, immunological or metabolic action, or to making a medical diagnosis.

Prescription, in the veterinary pharmaceutical market, is more strictly controlled than in the human pharmaceutical market, due to the fact that animals have, actually, no means to influence the doctor-and-owner decision. Some other particular conditions, as revealed in a report published in France by Moulin, Dehaumont, Guillemer, and Mourot (2004), are:

- The veterinary pharmaceutical market is approximately 3% of the market for the human-use medicines

- The market is very fragmented, because the target groups are very different, due to the variety of species. Additionally, the EU regulations – for instance, 2377/90, include supplementary conditions referring to the medication of food-producing animals, whose care is a more sensitive issue than pets’.

- For the so-called “minor species” – for example, pets other than cats and dogs – the supply of medicines is insufficient, and there appears a shortage. In other words, the market is misbalanced: there is a focus on some target groups, and a scarcity as regards others.

3. The Romanian Market for Pets Care

Like in other domains, the Romanian veterinary market is behind the European one, but catching up. There is, nevertheless, a significant difference: the privileged sector, in the Romanian market, is not that of medicines, but that of food for pets., which is commercialized in special stores, but also in supermarkets, which stays for its profitability.

According to a research by AC Nielsen, quoted by Carrefour, the market for pet food in Romania increased seven times between 1999 and 2005, reaching 26 million euros in yearly sales, and the trend is ascending. The two dominant companies on the market, as identified by the same research, were Masterfoods Co. and Nestle Purina PetCare. According to Euromonitor International's study of 2005, the main factor contributing to this significant increase in demand for pet food was the economic growth.

Masterfoods Romania claims that both the products' quality improvement and the distribution channels diversification contributed to this increase in demand, together with better promotional strategies. For their products, Chappi, Pedigree, and Kitekat, Chappi being the first pet food brand introduced on the Romanian market, back in 1993, they perceived as the major challenge of the last years the need to better their products, in order to loyalize their customers and to resist competition.

Speaking about promotion, investments made in it, for this expanding market, were significantly high. Relying on the data provided by AC Nielsen, Nestle invested 55 million euros in advertising, over 2005, while Masterfoods invested, for the same purpose, around 15 million euros. Masterfoods combines, as promotional strategy, TV spots and in-place promotion, as well as outdoor advertising. The Chappi outdoor ad, with the text "Gustos de-i flutură urechile", brings together the idea of joy, of a happy, satisfied pet, which behaves in an unconstrained way. If the trend is that favourable in the future, the later considers even opening a production facility in Romania, in order to reengineer their value chain and to cut down transportation costs.

According to the estimations made by Carrefour, the tendencies predict a shift from the almost exclusively imported pet food to a progressive increase in the Romania-produced food, up to approximately one third of the market, by 2010. Even exporting pet food in Europe may become an alternative to be considered, in the near future.

The market is not only expanding, but also diversifying. On the one hand, as the lifestyle changes, and the living standard improves, customers will begin to be interested not only in pet food, which is now seen as necessity, once proved its increased suitability for pet diet, as compared with ordinary food, but also in some other pet care products, medicines included. On the other hand, some more refined assortments of food-related products penetrate Romanian market.

For instance, Masterfoods launched special products for pretentious cats, or dentistry products meant to prevent or to cure certain malformations or dental sufferings which might appear while the pet alimments itself, or because of improper diet.

As Carrefour estimates, this segment, of the pet food market, which will continue to expand, won't remain isolated, but will become a part of an integrated industry, devoted to animal health and care. The Romanian customer profile, in this respect, will change progressively, and people will begin to regard their pets as members of their family and, acquiring the life standard which allows them to behave so, they will invest important sums in their friends' welfare.

Some other adjacent market segments, contributing to what we term as "pet wellbeing", besides the purely medical problems, are pet clothes and cosmetics. The first segment is represented by PetShops, which imports Mi Perrito, clothing items for pets. Following the trend discovered, well before, u human clothes designers, that clothes should be, at the same time, useful and fancy, Mi Perrito offers dogs' clothes which protect them against cold weather and rain, during the autumn-winter, but also allow them to look good, to be special, as their masters consider them.

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A national producer of pet clothes (for cats and dogs), operating mainly in Transylvania and in some international markets, like Italy and Austria, as well, is Țăranul Dog Leo. Their major problem, in this moment, seems to be the fierce external competition of the well-established brands, which attempts at confiscating their market.

Some other services whose incidence on the Romanian market became visible in the last years are hotels for dogs, and beauty saloons for pets. Anyway, these businesses are, for the moment, seasonal (they experience a great increase in demand during holidays, and a decline in the rest of the period), and geographically limited to the area of the big, populated cities, where the pressure of globalization and the diffusion of the last minute European tendencies are high.

As far as beauty saloons are concerned, there is a tendency of bringing together – the model is, again, the human health industry – beauty and health. This is why these cosmetics saloons offer joint services, including veterinary treatments in their portfolio. In this stage, the service is perceived as luxury one, being preferred by persons with an above the average income and living standard, who are really passionate about their companions.

Still, a tendency towards offering integrated services is obvious, and this can be traced also in the field of healthcare for pets. Not only cosmetics comes towards healthcare, but also veterinary clinics (an example would be Marco Vet) try to offer “complete” services (training, hotel for the residents, hotel for the non-residents, pet-shop providing food and accessories, and beauty saloon). On the one side, the motivation is to gain a competitive advantage by saving the client’s time through offering all in one, on the other, there is a general trend towards compacting the services addressing the veterinary sphere, in order to make regulation and control less complicated and more effective.

4. Conclusions

The pharmaceutical market exhibits notable particularities, as far as the marketing instruments applicable to it are concerned. Subject to an increased level of internal and international regulations, and confronted with clients which don’t have complete decision power and are, on the one hand, more sensitive to the quality and the effectiveness of the products they buy and, on the other, tortured by anxieties and fears which make them pay good money on whatever promises healing, the pharmaceutical market is an arena for price and non-price competition and, especially, for creative means of advertising which may convince clients without turning to be unlawful and unethical.

In this realm, the veterinary pharmaceutical market holds a particular position. Prescription becomes even more important than in the drugs for human use market, and veterinary doctors have increased powers over drug commercialization. The tendency, in other words, is the conflation of competencies, and of specialties, unlike the human drugs market, where there is a clear separation between them.

This tendency, of bringing all the services together, in order to increase customer satisfaction and to indirectly loyalize them (for instance, if a veterinarian’s cabinet offers also pharmaceuticals delivery services and includes a pet shop with food and accessories, it is easier for the client to stick to the same provider, than take the effort to find separate providers; additionally, a transfer of prestige, and of trust, is likely to function between various goods and services offered by the same provider), is a characteristic of the profile market, visible, lately, in Romania as well. Hybrid services, veterinary clinic plus beauty saloon, pets’ hotel plus training facilities, pharmacy plus pet shops with food and accessories, become frequent and appeal to an emerging class of clients, with higher incomes and life standards, which begin to consider, as it is the case in Europe and US, their pets as members of their families. The promotion, at the pets’ level, of a healthy life style, rather than of health and healthcare as a “crisis” measure, is expected to increase the demand

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for healthy food, for pet leisure activities, for both fancy and useful cloths. This is what makes this market a booming one, with a yet incompletely exploited potential to grow.

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